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July 19, 2007

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APPLICATION

11477-67200

Honorable James H. Welsh
Commissioner of Conservation
Louisiana Office of Conservation
P.O. Box 94275
Baton Rouge, LA 70804-4275

Re: Alliance Sand, Reservoir A
East Lake Arthur Field
Jefferson Davis Parish, Louisiana

Dear Commissioner Welsh:

Application is hereby made on behalf of **SE USA OPERATING, INC.** for the calling of a public hearing, after thirty (30) days legal notice, to consider evidence relative to the issuance of Orders pertaining to the **Alliance Sand, Reservoir A**, in the **East Lake Arthur Field**, Jefferson Davis Parish, Louisiana, to-wit:

1. To establish rules and regulations and create a single drilling and production unit for the exploration for and production of gas and condensate, such unit to be designated ALL RA SUA;
2. To force pool and integrate all separately owned tracts, mineral leases and other property interests within the proposed unit, with each tract sharing in unit production on a surface acreage basis of participation;
3. To designate the Whittier Operating, Inc. – Legros No. 1 Well as the unit well for ALL RA SUA;

4. To designate SE USA Operating, Inc. as the unit operator for ALL RA SUA;
5. To provide that any future wells drilled to the Alliance Sand, Reservoir A, should be located in accordance with spacing provisions of Statewide Order No. 29-E;
6. To provide that the Commissioner of Conservation should be authorized to reclassify the Alliance Sand, Reservoir A, by supplemental order without the necessity of a public hearing if the producing characteristics of the reservoir change and evidence to justify such reclassification is submitted to and accepted by the Commissioner of Conservation; and
7. To consider such other matters as may be appropriate and justified by the evidence presented at the hearing.

The Alliance Sand, Reservoir A, in the East Lake Arthur Field, Jefferson Davis Parish, Louisiana, is hereby defined as being that gas and condensate bearing sand encountered between the depths of 9,648 feet and 9,664 feet, electric log measurements, in the Whittier Operating, Inc. – Legros No. 1 Well (SN 234642), located in Section 36, Township 10 South, Range 3 West, Jefferson Davis Parish, Louisiana.

A conference to discuss the proposed application and any opposition thereto was held at 1:30 p.m. on the 18th day of July 2007, at The Onebane Law Firm, 1200 Camellia Blvd, Suite 300, Lafayette, Louisiana 70502, (337) 237-2660. A list of the parties who attended the pre-application conference is attached. Jeremy B. Shealy, attorney for the applicant, opened the conference with a brief discussion of the Rules of Procedure. Bill McAllister, geological consultant for the applicant, explained the applicant's proposal and the geological, engineering and other bases therefore, and answered questions. The conference was then adjourned. No counterplan was presented at the conference; thus, no opposition to this unit proposal is anticipated at the hearing.

Pertinent data relating to the proposed application can be obtained, AT THE COST OF THE REQUESTING PARTY, by contacting Bill McAlister with Leon E. Comeaux & Associates, P.O. Box 53922, Lafayette, LA 70505, (337) 233-9839.

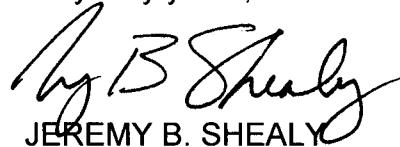
There is attached hereto and made a part hereof a plat outlining the proposed unit and a list of the names and addresses of the interested parties to whom this unitization proposal is being sent. Pursuant to the Revised Rules of Procedure, such list of parties is being furnished ONLY to the Commissioner of Conservation and to the District manager of the Lafayette District of the Office of Conservation. However, the list

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of parties will be provided to any party requesting a copy of it. A reasonable effort was made to ascertain the names and addresses of all Interested Owners, Represented Parties and Interested Parties.

Finally, enclosed herein is our check in the amount of \$755.00 made payable to the Office of Conservation in payment of the required hearing application fee.

Very truly yours,



JEREMY B. SHEALY

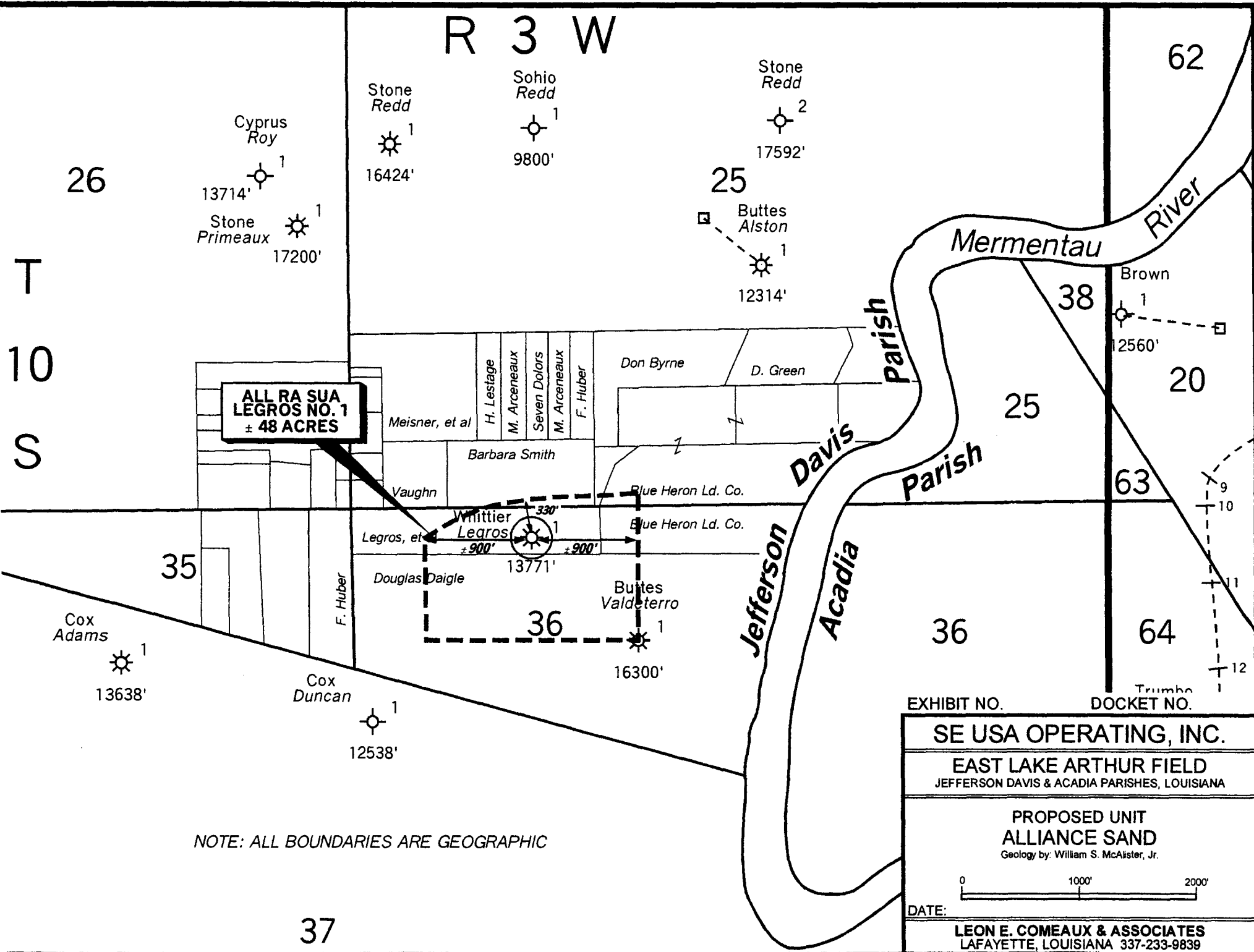
JBS/RCS/fsc
Enclosures

cc: Mr. Richard Hudson, District Manager
Office of Conservation

All Interested Owners, Interested Parties and
Represented Parties

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NOTE: ALL BOUNDARIES ARE GEOGRAPHIC

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EXHIBIT NO. DOCKET NO.

SE USA OPERATING, INC.

EAST LAKE ARTHUR FIELD
JEFFERSON DAVIS & ACADIA PARISHES, LOUISIANA

PROPOSED UNIT
ALLIANCE SAND
Geology by: William S. McAlister, Jr.

DATE:

LEON E. COMEAUX & ASSOCIATES
LAFAYETTE, LOUISIANA 337-233-9839